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will be determined by (adjustment under section 5(a)(1) or 5(a)(2)(i) will not be performed if it already has been performed under the terms of section 11(g) of the Northern Potato Crop Provisions):

(i) Dividing the price received or that will be received per hundredweight by the highest price election designated in the Special Provisions or addendum thereto for the insured potato type (if the production is sold for a price lower than the value appropriate to and representative of the local market, we will determine the value of the production based on the price you could have received in the local market); and

(ii) Multiplying the result (not to exceed 1.0) by the number of hundredweight of sold or to be sold production (We may verify this after the production has actually been sold); or

(2) If a price is not agreed upon between you and a buyer and the production is not delivered within 21 days (60 days if the Northern Potato Storage Coverage Endorsement is applicable) after the end of the insurance period, and the potatoes remain in storage 22 or more days (61 or more days if the Northern Potato Storage Coverage Endorsement is applicable), after the end of the insurance period, the amount of production will be the greater of:

(i) The amount of production determined by:

(A) Dividing the price per hundredweight that is received, or will be received after the end of the applicable insurance period, by the highest price election designated in the Special Provisions or addendum thereto for the insured potato type (if the production is sold for a price lower than the value appropriate to and representative of the local market, we will determine the value of the production based on the price you could have received in the local market); and

(B) Multiplying the result of section 5(a)(2)(i)(A) (not to exceed 1.0) by the number of hundredweight of sold or to be sold production (We may verify this after the production has actually been sold); or

(ii) The amount of production determined as follows:

(A) The combined weight of sampled potatoes grading U.S. No. 2 or better (the amount of potatoes grading U.S. No. 2 will be based on a grade inspection completed no later than 21 days after the end of the insurance period (if the Northern Potato Storage Coverage Endorsement is applicable), samples must be obtained within 60 days after the end of the insurance period and a grade inspection completed within 21 days of sampling) and are damaged by freeze or tuber rot will be divided by the total sample weight;

(B) The percentage determined in section 5(a)(2)(ii)(A) will be divided by the applicable percentage factor; and

(C) The result of section 5(a)(2)(ii)(B) will be multiplied by the amount of production to count determined in accordance with section 15 of the Basic Provisions and section 11 of the Northern Potato Crop Provisions.

(b) Factors other than those specified in section 5(a), in accordance with section 5(a)(2)(ii).

6. For any production that qualifies for adjustment in accordance with section 5(a) and that is discarded:

(a) Within 21 days (60 days if the Northern Potato Storage Coverage Endorsement is applicable), after the end of the insurance period, the amount of production to count will be:

(1) Zero if we determine the production could not have been sold; or

(2) Determined in accordance with section 5(a)(2)(ii) if we determine the production could have been sold; or

(b) Later than 21 days (60 days if the Northern Potato Storage Coverage Endorsement is applicable), after the end of the insurance period, the amount of production to count will be adjusted in accordance with section 5(a)(2)(ii).

7. Potatoes harvested or appraised prior to full maturity that do not grade U.S. No. 2 due solely to size will be considered to have met U.S. No. 2 standards unless the potatoes are damaged by an insurable cause of loss and leaving the crop in the field would either reduce production or decrease quality.

8. Production to count for potatoes destroyed, stored or marketed without a grade inspection will be 100 percent of the gross weight of such potatoes.

9. All determinations must be based upon a grade inspection.

10. The actuarial documents may provide “U.S. No. 1 grade” in place of “U.S. No. 2 grade” as used in this endorsement.

(a) If both U.S. No.1 and U.S. No. 2 grades are available in the actuarial documents, you may elect U.S. No. 1 or 2 grade by potato type or group, if separate types or groups are specified in the Special Provisions.

(b) If both fresh and processing types are specified in the actuarial documents, you cannot elect the fresh type for any potatoes grown for processing or chipping.

[62 FR 65335, Dec. 12, 1997, as amended at 72 FR 61283, Oct. 30, 2007]

§ 457.144 Northern potato crop insurance—processing quality endorsement.

The Northern Potato Crop Insurance Processing Quality Endorsement Provisions for the 2008 and succeeding crop years are as follows:

1. Definitions

Broker. Any business enterprise regularly engaged in the buying and selling of processing potatoes, that possesses all licenses and permits as required by the state in which it operates, and when required, has the necessary facilities or the contractual access to such facilities, with enough equipment to accept and transfer processing potatoes to the broker within a reasonable amount of time after harvest or the typical storage period.

Percentage factor. The term as defined in the Northern Potato Quality Endorsement.

Processor. Any business enterprise regularly engaged in processing potatoes for human consumption, that possesses all licenses and permits for processing potatoes required by the state in which it operates, and that possesses facilities, or has contractual access to such facilities, with enough equipment to accept and process processing potatoes grown under a processing contract within a reasonable amount of time after harvest or the typical storage period.

Processor contract. A written agreement between the producer and processor, or between a producer and a broker, containing at a minimum:

- (a) The producer's commitment to plant and grow processing potatoes, and to deliver the potato production to the processor or broker;
- (b) The processor's or broker's commitment to purchase all the production stated in the processing contract; and
- (c) A price or pricing mechanism to determine the value of delivered production.

2. To be eligible for coverage under this endorsement, you must have a:

(a) Northern Potato Quality Endorsement in place and elect this endorsement on or before the sales closing date for the initial crop year in which you wish to insure your potatoes under this endorsement:

(1) Cancellation of your Northern Potato Quality Endorsement will automatically result in cancellation of this endorsement;

(2) This endorsement may be canceled by either you or us for any succeeding crop year by giving written notice to the other party on or before the cancellation date; and

(b) Processor contract executed with a processor or broker for the potato types insured under this endorsement that is applicable for the crop year:

(1) A copy of the processor contract must be submitted to us on or before the acreage reporting date for potatoes; and

(2) Failure to timely provide the processor contract will result in no coverage under this endorsement and coverage will be provided only under the terms of the Northern Potato Crop Provisions and Northern Potato Quality Endorsement.

3. In return for payment of the additional premium designated in the actuarial documents, this endorsement is attached to and made part of your Northern Potato Crop Provisions and Northern Potato Quality Endorsement subject to the terms and conditions described herein. In the event of a conflict between the Northern Potato Crop Provisions or Northern Potato Quality Endorsement and this endorsement, this endorsement will control.

4. All terms of the Northern Potato Quality Endorsement not modified by this endorsement will be applicable to acreage covered under this endorsement.

5. If you elect this endorsement, all insurable acreage of production under contract with the processor or broker must be insured under this endorsement; however:

(a) When the processor contract requires the processor or broker to purchase a stated amount of production, rather than all of the production from a stated number of acres, the insurable acres will be determined by dividing the stated amount of production by the approved yield for the acreage; and

(b) The number of acres insured under this endorsement will not exceed the actual number of acres planted to the potato types needed to fulfill the contract.

6. Potato lots may be adjusted in accordance with section 8 if such potatoes:

(a) Fail to meet the standards in section 7(a), (b), (c), or (d), or a standard contained in the processor contract, for the same quality factors specified in section 7(a), (b), (c), or (d), if such standard is less stringent;

(b) Have a value less than the maximum price election; and

(c) Fail to meet the applicable standards and are not separable from undamaged production using methods used by processors to whom you normally deliver your potato production.

7. To qualify for a quality reduction under this endorsement, the potatoes must:

(a) Fail to meet the applicable U.S. No. 2 grade requirements due to internal defects as long as the number of potatoes with such defects are in excess of the tolerance allowed for U.S. No. 2 grade potatoes;

(b) Have a specific gravity lower than 1.074;

(c) Have a fry color of No. 3 or darker due to either sugar exceeding 10 percent or sugar ends exceeding 19 percent; or

(d) Have an Agtron rating lower than 58.

8. In lieu of the provisions contained in section 5 of the Northern Potato Quality Endorsement, production to count determined in accordance with section 15 of the Basic Provisions and section 11 of the Northern Potato Crop Provisions, from unharvested acreage or harvested acreage that is stored or is marketed after a grade inspection determined in section 10, will be adjusted in accordance with sections 8(a) or 8(b), whichever is applicable, (adjustment under section 8(a)

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or 8(b)(1) will not be performed if it already has been performed under the terms of section 11(g) of the Northern Potato Crop Provisions):

(a) If a price is agreed upon between you and a buyer within 21 days (60 days if the Northern Potato Storage Coverage Endorsement is applicable) after the end of the insurance period, or the production is delivered to a buyer within 21 days (60 days if the Northern Potato Storage Coverage Endorsement is applicable), after the end of the insurance period, the amount of production will be determined by:

(1) Dividing the price per hundredweight received or that will be received by the highest price election designated in the Special Provisions or addendum thereto for the insured potato type (If the production is sold for a price lower than the value appropriate to and representative of the local market, we will determine the value of the production based on the price you could have received in the local market); and

(2) Multiplying the result of section 8(a)(1) (not to exceed 1.0) by the number of hundredweight of sold or to be sold production (We may verify this after the production has actually been sold); or

(b) If a price is not agreed upon between you and a buyer and the production is not delivered within 21 days (60 days if the Northern Potato Storage Coverage Endorsement is applicable), after the end of the insurance period, and the production remains in storage 22 or more days (61 or more days if the Northern Potato Storage Coverage Endorsement is applicable), after the end of the insurance period, the amount of production will be the greater of:

(1) The amount of production determined by:

(i) Dividing the price per hundredweight that is received, or that will later be received after the end of the applicable insurance period, by the highest price election designated in the Special Provisions or addendum thereto for the insured potato type (if the production is sold for a price lower than the value appropriate to and representative of the local market, we will determine the value of the production based on the price you could have received in the local market); and

(ii) Multiplying the result of section 8(b)(1)(i) (not to exceed 1.0) by the number of hundredweight of sold or to be sold production (We may verify this after the production has actually been sold); or

(2) The amount of production determined as follows:

(i) The combined weight of sampled potatoes that grade U.S. No. 2 or better (the amount of potatoes grading U.S. No. 2 or better will be based on a grade inspection completed no later than 21 days after the end of the insurance period, if the Northern Potato

Storage Coverage Endorsement is applicable; samples must be obtained within 60 days after the end of the insurance period and grade inspection completed within 21 days of sampling) and are damaged by freeze or tuber rot will be divided by the total sample weight;

(A) The percentage determined in section 8(b)(2)(i) will be divided by the applicable percentage factor; and

(B) The result of section 8(b)(2)(i)(A) will be multiplied by the amount of production to count determined in accordance with section 15 of the Basic Provisions and section 11 of the Northern Potato Crop Provisions.

(c) The production to count for potatoes that have a value less than the maximum price election due to factors other than those specified in section 7 will be adjusted in accordance with section 8(b)(2).

9. For any production that qualifies for adjustment in accordance with section 7 and that is discarded:

(a) Within 21 days (60 days if the Northern Potato Storage Coverage Endorsement is applicable), after the end of the insurance period, the amount of production to count will be:

(1) Zero if we determine the production could not have been sold; or

(2) Determined in accordance with section 8(b)(2) if we determine the production could have been sold; or

(b) Later than 21 days (60 days if the Northern Potato Storage Coverage Endorsement is applicable), after the end of the insurance period, the amount of production to count will be adjusted in accordance with section 8(b)(2).

10. All quality determinations must be based upon a grade inspection using the United States Standards for Grades of Potatoes for Processing or the United States Standards for Grades of Potatoes for Chipping.

11. The actuarial documents may provide “U.S. No. 1 grade” in place of “U.S. No. 2 grade” as used in this endorsement. If both U.S. No. 1 and 2 grades are available in the actuarial documents, you may elect U.S. No. 1 or 2 grade by potato type or group, if separate types or groups are specified in the Special Provisions.

[72 FR 61284, Oct. 30, 2007]

§ 457.145 Potato crop insurance—certified seed endorsement.

The Potato Crop Insurance Certified Seed Endorsement Provisions for the 2008 and succeeding crop years are as follows:

FCIC policies: